

**Cumming Township
Ogemaw County, Michigan**

**Financial Report
with Supplemental Information
March 31, 2006**

Auditing Procedures Report

Issued under P.A. 2 of 1968, as amended.

Local Government Type <input type="checkbox"/> City <input checked="" type="checkbox"/> Township <input type="checkbox"/> Village <input type="checkbox"/> Other		Local Government Name CUMMING TOWNSHIP	County OGE MAW
Audit Date 3/31/06	Opinion Date 8/28/06	Date Accountant Report Submitted to State: 9/15/06	

We have audited the financial statements of this local unit of government and rendered an opinion on financial statements prepared in accordance with the Statements of the Governmental Accounting Standards Board (GASB) and the *Uniform Reporting Format for Financial Statements for Counties and Local Units of Government in Michigan* by the Michigan Department of Treasury.

We affirm that:

1. We have complied with the *Bulletin for the Audits of Local Units of Government in Michigan* as revised.

2. We are certified public accountants registered to practice in Michigan.

We further affirm the following. "Yes" responses have been disclosed in the financial statements, including the notes, or in the report of comments and recommendations

You must check the applicable box for each item below.

- ☐ Yes ☒ No 1. Certain component units/funds/agencies of the local unit are excluded from the financial statements.
- ☐ Yes ☒ No 2. There are accumulated deficits in one or more of this unit's unreserved fund balances/retained earnings (P.A. 275 of 1980).
- ☐ Yes ☒ No 3. There are instances of non-compliance with the Uniform Accounting and Budgeting Act (P.A. 2 of 1968, as amended).
- ☐ Yes ☒ No 4. The local unit has violated the conditions of either an order issued under the Municipal Finance Act or its requirements, or an order issued under the Emergency Municipal Loan Act.
- ☐ Yes ☒ No 5. The local unit holds deposits/investments which do not comply with statutory requirements. (P.A. 20 of 1943, as amended [MCL 129.91], or P.A. 55 of 1982, as amended [MCL 38.1132]).
- ☐ Yes ☒ No 6. The local unit has been delinquent in distributing tax revenues that were collected for another taxing unit.
- ☐ Yes ☒ No 7. The local unit has violated the Constitutional requirement (Article 9, Section 24) to fund current year earned pension benefits (normal costs) in the current year. If the plan is more than 100% funded and the overfunding credits are more than the normal cost requirement, no contributions are due (paid during the year).
- ☐ Yes ☒ No 8. The local unit uses credit cards and has not adopted an applicable policy as required by P.A. 266 of 1995 (MCL 129.241).
- ☐ Yes ☒ No 9. The local unit has not adopted an investment policy as required by P.A. 196 of 1997 (MCL 129.95).

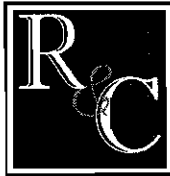
We have enclosed the following:	Enclosed		
	Enclosed	To Be Forwarded	Not Required
The letter of comments and recommendations.			✓
Reports on individual federal financial assistance programs (program audits).			✓
Single Audit Reports (ASLGU).			✓

Certified Public Accountant (Firm Name) ROBERTSON & CARPENTER CPAs, P.C.			
Street Address 103 E MAIN STREET, PO BOX 69	City ROSE CITY	State MI	ZIP 48654
Accountant Signature <i>Rodney C Robertson, CPA</i>		Date 9/15/06	

Cumming Township

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ROBERTSON & CARPENTER CPAs, P.C.

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INDEPENDENT AUDITOR'S REPORT

Township Board
Cumming Township
West Branch, Michigan 48661

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Cumming Township as of and for the year ended March 31, 2006, which collectively comprise the Township's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Cumming Township's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Cumming Township as of March 31, 2006, and the respective changes in financial position and cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with Government Auditing Standards, we have also issued our report dated August 28, 2006 on our consideration of Cumming Township's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The management's discussion and analysis and budgetary comparison information on pages 3 through 8 and pages 29 through 32 are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express an opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Cumming Township's basic financial statements. The accompanying pages of other supplemental information, as identified in the table of contents, are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Robertson & Carpenter CPAs, P.C.

Robertson & Carpenter CPAs, P.C.

August 28, 2006

Management's Discussion and Analysis

As management of Cumming Township (the "Township"), we offer readers of the Township's financial statements this narrative overview and analysis of the financial activities of the Township for the fiscal year ended March 31, 2006.

Financial Highlights

- The assets of Cumming Township exceeded its liabilities at the close of the most recent fiscal year by \$1,274,556 (*net assets*). Unrestricted net assets for the governmental activities were \$537,297. This amount represents the part of net assets that is available to finance day-to-day operations of the Township.
- As of the close of the current fiscal year, the Township's governmental funds reported combined ending fund balances of \$ 537,297, an increase of \$ 5,110 in comparison with the prior year. Approximately 52% of the total amount, \$277,182, is available for spending at the Township's discretion (*unreserved fund balance*).
- At the end of the current fiscal year, unreserved fund balance for the general fund was \$277,182 or 371 percent of total general fund expenditures.

Overview of the Financial Statements

This discussion and analysis are intended to serve as an introduction to the Township's basic financial statements. The Township's basic financial statements comprise three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

Government-wide financial statements. The *government-wide financial statements* are designed to provide readers with a broad overview of the Township's finances, in a manner similar to a private-sector business.

The *statement of net assets* presents information on all of the Township's assets and liabilities, with the difference between the two reported as *net assets*. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the Township is improving or deteriorating.

The *statement of activities* presents information showing how the Township's net assets changed during the most recent fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, *regardless of the timing of related cash flows*. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., earned but unused sick or vacation leave).

Both of the government-wide financial statements present functions of the Township that are principally supported by taxes and intergovernmental revenues (*governmental activities*) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (*business-type activities*). The governmental activities of the Township include general government, public safety, public works, and recreation and culture. The business-type activities of the Township include a sewer system.

The government-wide financial statements can be found on pages 9-10 of this report.

Fund financial statements. A *fund* is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Township, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the Township can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

Governmental funds. *Governmental funds* are used to account for essentially the same functions reported as *governmental activities* in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on *near-term inflows and outflows of spendable resources*, as well as on *balances of spendable resources* available at the end of the fiscal year. Such information may be useful in evaluating a Township's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for *governmental funds* with similar information presented for *governmental activities* in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between *governmental funds* and *governmental activities*.

Cumming Township maintains five individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the General Fund, Road Fund, Fire Fund and Landfill Fund. Data from the one non-major governmental fund is combined into a single, aggregated presentation. Individual fund data for the non-major governmental fund is provided elsewhere in this report.

Cumming Township adopts an annual appropriated budget for its general and special revenue funds. Budgetary comparison statements or schedules have been provided for the General Fund, Road Fund, Fire Fund and Landfill Fund herein to demonstrate compliance with those budgets.

The basic governmental fund financial statements can be found on pages 11-12 of this report.

Proprietary Funds. Cumming Township maintains one proprietary fund. *Enterprise funds* are used to report the same functions presented as *business-type activities* in the government-wide financial statements. The Township uses an enterprise fund to account for its sewer activity.

The basic proprietary fund financial statements can be found on pages 14-16 of this report.

Fiduciary funds. Fiduciary funds are used to account for resources held for the benefit of parties outside the Township. Fiduciary funds are *not* reflected in the government-wide financial statements because the resources of those funds are *not* available to support the Township's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds.

The basic fiduciary fund financial statements can be found on pages 17-18 of this report.

Notes to the financial statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 19-28 of this report.

Other information. In addition to the basic financial statements and accompanying notes, this report also presents certain *required supplementary information* concerning the Township's budgetary comparison schedules for major governmental funds. Required supplementary information can be found on pages 29-32 of this report.

The statements referred to earlier in connection with non-major governmental fund are presented on pages 33-34 of this report.

Government-wide Financial Analysis

As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. In the case of the Township, assets exceeded its liabilities by \$1,274,566 at the close of the most recent fiscal year.

The most significant portion of the Township's net assets (\$717,930, or 56%) reflects its investment in capital assets (e.g., infrastructure, land, buildings, vehicles, and equipment). The Township uses these capital assets to provide services to the community; consequently, these assets are *not* available for future spending.

The remaining balance of unrestricted net assets (\$556,626, or 44%) may be used to meet the Township's ongoing obligations to citizens and creditors.

At the end of the current year, the Township is able to report positive balances in all three categories of net assets, both for the government as a whole, as well as for its separate governmental and business-type activities.

Township's Net Assets

	Governmental Activities		Business-type Activities		Total	
	2006	2005	2006	2005	2006	2005
Current and Other Assets	\$ 542,701	\$ 539,409	\$ 110,163	\$ 117,969	\$ 652,864	\$ 657,378
Capital Assets, Net	374,280	291,039	343,650	351,722	717,930	642,761
Total Assets	916,981	830,448	453,813	469,691	1,370,794	1,300,139
Current Liabilities	5,404	7,222	5,109	3,108	10,513	10,330
Noncurrent liabilities:						
Due Within One Year	-	-	10,000	10,000	10,000	10,000
Due in More Than One Year	-	-	75,725	85,725	75,725	85,725
Total Liabilities	5,404	7,222	90,834	98,833	96,238	106,055
Net Assets:						
Invested in Capital Assets	374,280	291,039	257,925	255,977	717,930	642,761
Unrestricted	537,297	532,187	105,054	114,881	556,626	551,323
Total Net Assets	\$ 911,577	\$ 823,226	\$ 362,979	\$ 370,858	\$ 1,274,556	\$ 1,194,084

The Township's net assets increased by \$80,472 during the current fiscal year discussed below.

Township's Changes in Net Assets

	Governmental Activities		Business-type Activities		Total	
	2006	2005	2006	2005	2006	2005
Revenue:						
Program Revenue:						
Charges for Services	\$ 8,866	\$14,921	\$ 13,045	\$ 12,750	\$ 21,911	\$ 27,671
General Revenue:						
Property Taxes	178,628	186,518	-	-	178,628	186,518
State-Shared Revenues	61,149	63,322	-	-	61,149	63,322
Interest Earnings	7,063	3,161	5,246	5,686	12,309	8,847
Other	928	715	-	-	928	715
	<u>256,634</u>	<u>268,637</u>	<u>18,291</u>	<u>18,436</u>	<u>274,925</u>	<u>287,073</u>
Expenses:						
General						
Government	72,508	75,859	-	-	72,508	75,859
Public Safety	33,628	32,522	-	-	33,628	32,522
Public Works	61,427	52,455	-	-	61,427	52,455
Recreation and Culture	720	720	-	-	720	720
Sewer and Water	-	-	26,170	26,968	26,170	26,968
Total Expenses	<u>168,283</u>	<u>161,556</u>	<u>26,170</u>	<u>26,968</u>	<u>194,453</u>	<u>188,524</u>
Increase (Decrease) in Net Assets	88,351	107,081	(7,879)	(8,532)	80,472	98,549
Net Assets, Beginning of Year	823,226	716,145	370,858	379,390	1,194,084	1,095,535
Net Assets, End of Year	<u>\$911,577</u>	<u>\$823,226</u>	<u>\$362,979</u>	<u>\$370,858</u>	<u>\$1,274,556</u>	<u>\$1,194,084</u>

Governmental activities. Governmental activities increased the Township's net assets by \$88,351 accounting for all of the growth in net assets of the Township. This was primarily attributed to an increase in Township assets from infrastructure additions. Total governmental revenues decreased by \$12,003. The township hall rental revenue decreased by \$5,680. Governmental expenses increased by \$ 6,727, primarily due to an increase in depreciation on road improvements.

Business-type activities. Business-type activities decreased the Township's net assets by \$ 7,879.

Financial Analysis of the Township's Funds

As noted earlier, the Township uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

As of the end of the current fiscal year, the Township's governmental funds reported combined ending fund balances of \$537,297, an increase of \$5,110 in comparison with the prior year. Approximately 52% of this total amount (\$277,182) constitutes *unreserved fund balance*, which is available for spending at the Township's discretion. The remainder of fund balance is *reserved* to indicate that it is not available for new spending because the underlying assets are reserved or included in special revenue funds and not available for current general fund expenditures. The fund balance amounts in special revenue funds consists of \$100,318 in the Road Fund, \$63,823 in the Fire Fund, \$93,011 in the Landfill Fund and \$2,963 in the Liquor Law Enforcement Fund.

The general fund is the principal operating fund of the Township. At the end of the current fiscal year, unreserved fund balance and total fund balance of the general fund were \$277,182. As a measure of the general fund's liquidity, it may be useful to compare both unreserved fund balance and total fund balance to total fund expenditures. Unreserved fund balance and total fund balance represent approximately 371% of total general fund expenditures.

The fund balance of the General Fund increased by \$29,769 during the current fiscal year.

Proprietary funds. The Township proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail.

Unrestricted net assets of the Sewer Fund at the end of the year amounted to \$105,054. The total decrease in net assets was \$7,879. Other factors concerning the finances of the fund have already been addressed in the discussion of the Township's business-type activities.

General Fund Budgetary Highlights

The Township's budgets are prepared in accordance with Michigan Law. The most significant budgeted fund is the General Fund. The general fund budget was amended during the year, revising functional categories as needed. As additional information became known during the fiscal year, budget amendments were made to recognize the additional revenue and/or planned expenditures related to various Township programs.

Capital Asset and Debt Administration

Capital assets. The Township's investment in capital assets for its governmental activities as of March 31, 2006, amounted to \$717,930 (net of accumulated depreciation). This investment in capital assets includes infrastructure, land, buildings, vehicles and equipment. Additions totaled \$97,025, including road improvements of \$92,796 for the fiscal year.

Township's Capital Assets (net of depreciation)

	Governmental Activities	Business-type Activities	Total
Land	\$ 14,000	\$ -	\$ 14,000
Infrastructure	122,122	-	122,122
Buildings and improvements	229,011	-	229,011
Furniture and Equipment	9,147	-	9,147
Sewer and water systems	-	343,650	343,650
Total	\$374,280	\$343,650	\$717,930

Additional information on the Township's capital assets can be found in note 5 on page 25 and 26 of this report.

Factors Bearing on the Township's Future

The following factors were considered in preparing the Township's budget for the 2006-2007 fiscal year:

- The State of Michigan has made significant cuts in their operating budgets due to a downturn in the economy. For 2006-2007, the General Fund received \$58,193 in state shared revenue from sales tax distributions, representing 65% of the revenues in the General Fund. The amounts of state shared revenues for future periods are uncertain and will affect the Township's budgets. Our budgets were prepared with these factors in mind and will be revised as needed.

Requests for Information

This financial report is designed to provide a general overview of the Township's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to:

Township of Cumming
Township Hall
751 N. Morrison Road
West Branch, Michigan 48661

Cumming Township
Statement of Net Assets
March 31, 2006

	Governmental Activities	Business-type Activities	Total
Assets			
Cash and cash equivalents (Note 3)	\$ 490,596	\$ 10,535	\$ 501,131
Receivables	309	91,950	92,259
Due from governmental units	51,796	7,678	59,474
Capital assets-net	374,280	343,650	717,930
Total assets	916,981	453,813	1,370,794
Liabilities			
Accounts payable	4,825	3,180	8,005
Accrued and other liabilities	579	1,929	2,508
Noncurrent liabilities (Note 7):			
Due within one year	-	10,000	10,000
Due in more than one year	-	75,725	75,725
Total liabilities	5,404	90,834	96,238
Net Assets			
Invested in capital assets, net of related debt	374,280	257,925	632,205
Unrestricted	537,297	105,054	642,351
Total net assets	\$ 911,577	\$ 362,979	\$ 1,274,556

See accompanying notes to financial statements.

Cumming Township
Statement of Activities
Year Ended March 31, 2006

<u>Functions/Programs</u>	<u>Program Revenues</u>	
	<u>Expenses</u>	<u>Charges for Services</u>
Primary government:		
Governmental Activities:		
General government	\$ 72,508	\$ 350
Public safety	33,628	994
Public works	61,427	7,522
Recreation and culture	720	-
Other	-	-
Total governmental activities	168,283	8,866
Business-type activities:		
Sewage Disposal System	26,170	13,045
Total business-type activities	26,170	13,045
Total primary government	194,453	21,911

General Revenues:

Property taxes and fees
State-shared revenues
Interest and investment earnings
Other

Total general revenues

Change in Net Assets

Net assets - beginning of year

Net assets - end of year

See accompanying notes to financial statements.

Net (Expense) Revenue and Changes in Net Assets

<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>
\$ (72,158)	\$ -	\$ (72,158)
(32,634)	-	(32,634)
(53,905)	-	(53,905)
(720)	-	(720)
<u>-</u>	<u>-</u>	<u>-</u>
(159,417)	-	(159,417)
<u>-</u>	<u>(13,125)</u>	<u>(13,125)</u>
-	(13,125)	(13,125)
<u>(159,417)</u>	<u>(13,125)</u>	<u>(172,542)</u>
178,628	-	178,628
61,149	-	61,149
7,063	5,246	12,309
<u>928</u>	<u>-</u>	<u>928</u>
<u>247,768</u>	<u>5,246</u>	<u>253,014</u>
88,351	(7,879)	80,472
<u>823,226</u>	<u>370,858</u>	<u>1,194,084</u>
<u>\$ 911,577</u>	<u>\$ 362,979</u>	<u>\$ 1,274,556</u>

Cumming Township
Governmental Fund
Balance Sheet
March 31, 2006

	General Fund	Road Fund	Fire Fund
Assets			
Cash and investments	\$ 266,453	\$ 85,952	\$ 51,904
Due from other funds	410	-	-
Due From other governmental units	15,232	14,366	11,919
Total assets	<u>\$ 282,095</u>	<u>\$ 100,318</u>	<u>\$ 63,823</u>
Liabilities			
Accounts payable	\$ 4,334	\$ -	\$ -
Accrued and other liabilities	579	-	-
Due to other funds	-	-	-
Total liabilities	<u>4,913</u>	<u>-</u>	<u>-</u>
Fund balances			
Reserved for police inspections	-	-	-
Unreserved:			
General Fund	277,182	-	-
Unreserved-undesignated, reported in:			
Special Revenue Funds	-	100,318	63,823
Total fund balances	<u>277,182</u>	<u>100,318</u>	<u>63,823</u>
Total liabilities and fund balances	<u>\$ 282,095</u>	<u>\$ 100,318</u>	<u>\$ 63,823</u>

Fund Balances - Total Governmental Funds

Elimination of due to and due from governmental funds

Due to

Due from

Amounts reported for governmental activities in the statement of net assets are different because:

Capital assets used in governmental activities are not financial resources, and are not reported in the funds.

The cost of capital assets is

Accumulated depreciation is

Net Assets of Governmental Activities

See accompanying notes to financial statements.

Landfill Fund	Nonmajor Governmental Fund	Total Governmental Funds
\$ 83,324	\$ 2,963	\$ 490,596
-	-	410
10,279	-	51,796
<u>\$ 93,603</u>	<u>\$ 2,963</u>	<u>\$ 542,802</u>
\$ 491	\$ -	\$ 4,825
-	-	579
101	-	101
<u>592</u>	<u>-</u>	<u>5,505</u>
-	-	-
-	-	277,182
93,011	2,963	260,115
<u>93,011</u>	<u>2,963</u>	<u>537,297</u>
<u>\$ 93,603</u>	<u>\$ 2,963</u>	<u>\$ 542,802</u>
		537,297
		410
		(410)
		513,682
		(139,402)
		<u>\$ 911,577</u>

Cumming Township
Governmental Funds
Statement of Revenues, Expenditures and Changes in Fund Balances
Year Ended March 31, 2006

	General Fund	Road Fund	Fire Fund
Revenues			
Taxes and fees	\$ 26,423	\$ 59,803	\$ 49,615
State-shared revenues	58,354	1,871	-
Charges for services	-	1,069	994
Interest and rentals	3,853	3,015	361
Reimbursements	478	-	-
Other	450	-	-
Total revenues	<u>89,558</u>	<u>65,758</u>	<u>50,970</u>
Expenditures			
Current:			
General government	67,374	-	-
Public safety	3,816	-	28,878
Public works	-	106,677	-
Recreation and culture	720	-	-
Capital outlay	2,879	-	-
Total expenditures	<u>74,789</u>	<u>106,677</u>	<u>28,878</u>
Excess of Revenues Over (Under)			
Expenditures	14,769	(40,919)	22,092
Other Financing Sources (Uses)			
Transfers in	15,000	-	-
Transfers (out)	-	-	(15,000)
Total other financing uses	<u>15,000</u>	<u>-</u>	<u>(15,000)</u>
Change in Fund Balance	29,769	(40,919)	7,092
Fund balances-Beginning of year	<u>247,413</u>	<u>141,237</u>	<u>56,731</u>
Fund balances-End of year	<u>\$ 277,182</u>	<u>\$ 100,318</u>	<u>\$ 63,823</u>

See accompanying notes to financial statements.

Landfill Fund	Nonmajor Governmental Funds	Total Governmental Funds
\$ 42,787	\$ -	\$ 178,628
-	924	61,149
6,453	-	8,516
184	-	7,413
-	-	478
-	-	450
<u>49,424</u>	<u>924</u>	<u>256,634</u>
-	-	67,374
-	934	33,628
38,896	-	145,573
-	-	720
1,350	-	4,229
<u>40,246</u>	<u>934</u>	<u>251,524</u>
9,178	(10)	5,110
-	-	15,000
-	-	(15,000)
<u>-</u>	<u>-</u>	<u>-</u>
9,178	(10)	5,110
<u>83,833</u>	<u>2,973</u>	<u>532,187</u>
\$ <u>93,011</u>	\$ <u>2,963</u>	\$ <u>537,297</u>

Cumming Township
Reconciliation of the Statement of Revenues, Expenditures and Changes
in Fund Balances of Governmental Funds to the Statement of Activities
March 31, 2006

Net Change in Fund Balances - Total Governmental Funds	\$ 5,110
---	-----------------

Amounts reported for governmental activities are different because:

Government funds report capital outlays as expenditures;
in the statement of activities these costs are allocated
over their estimated useful lives as depreciation.

Depreciation expense	\$ (13,784)	
Capital outlay	4,229	
Public works - roads	<u>92,796</u>	
		<u>83,241</u>

Change in Net Assets of Governmental Activities	\$ <u>88,351</u>
--	-------------------------

See accompanying notes to financial statements.

Cumming Township
Proprietary Funds
Statement of Net Assets
March 31, 2006

	Enterprise Fund
	<u>Sewer System</u>
Assets	
Current assets:	
Cash and cash equivalents	\$ 10,535
Accounts receivable	91,950
Due from other governments	<u>7,678</u>
Total current assets	110,163
Noncurrent assets:	
Capital assets	<u>343,650</u>
Total noncurrent assets	<u>343,650</u>
Total assets	453,813
Liabilities	
Current liabilities:	
Accounts payable	3,180
Accrued liabilities	1,929
Current portion of noncurrent liabilities	<u>10,000</u>
Total current liabilities	15,109
Long-term Debt - Net of current portion	<u>75,725</u>
Total liabilities	90,834
Net Assets	
Invested in capital assets - Net of related debt	257,925
Unrestricted	<u>105,054</u>
Total net assets	\$ <u><u>362,979</u></u>

See accompanying notes to financial statements.

Cumming Township
Proprietary Funds
Statement of Revenue, Expenses and Changes in Net Assets
Year Ended March 31, 2006

	Enterprise Fund
	<u>Sewer System</u>
Operating Revenue	
Customer billings	\$ <u>13,045</u>
Total operating revenue	13,045
Operating Expenses	
Contracted services	12,681
Utilities	1,097
Repairs and maintenance	195
Other supplies and expenses	42
Depreciation	<u>8,072</u>
Total operating expenses	22,087
Operating Income (Loss)	(9,042)
Nonoperating Revenue (Expenses)	
Interest income	5,246
Interest expense	<u>(4,083)</u>
Change in Net Assets	(7,879)
Net assets - Beginning of year	<u>370,858</u>
Net Assets - End of year	\$ <u><u>362,979</u></u>

See accompanying notes to financial statements.

Cumming Township
Proprietary Funds
Statement of Cash Flows
Year Ended March 31, 2006

	Enterprise Fund Sewer System
Cash Flows from Operating Activities	
Receipts from customers	\$ 12,373
Payments to suppliers	(12,014)
Net cash provided by operating activities	<u>359</u>
Cash Flows from Noncapital Financing Activities	
Transfers from other funds	-
Net cash provided by noncapital financing activities	<u>-</u>
Cash Flows from Capital and Related Financing Activities	
Capital contributions	7,872
Payments on long-term debt:	
Principal	(10,000)
Interest	(4,083)
Net cash used in capital and related financing activities	<u>(6,211)</u>
Cash Flows from Investing Activities -	
Interest received on investments	<u>5,246</u>
Net Increase in Cash and Cash Equivalents	(606)
Cash and Cash Equivalents - Beginning of year	<u>11,141</u>
Cash and Cash Equivalents - End of year	<u><u>\$ 10,535</u></u>
Balance Sheet Classification of Cash and Cash Equivalents	
Cash and cash equivalents	10,535
Total cash and cash equivalents	<u><u>\$ 10,535</u></u>
Reconciliation of Operating Income to Net Cash from Operating Activities	
Operating income (loss)	(9,042)
Adjustments to reconcile operating income (loss) to net cash from operating activities:	
Depreciation and amortization	8,072
Changes in assets and liabilities:	
Receivables	(1,246)
Due from other governments	574
Accounts payable	72
Accrued expenses	1,929
Net cash provided by (used in) operating activities	<u><u>\$ 359</u></u>

See accompanying notes to financial statements.

Cumming Township
Fiduciary Funds
Statement of Net Assets
March 31, 2006

	<u>Pension Trust Funds</u>	<u>Agency Funds</u>
Assets		
Cash	\$ -	\$ 309
Investments - at fair value	<u>65,996</u>	<u>-</u>
Total assets	\$ <u><u>65,996</u></u>	\$ <u><u>309</u></u>
 Liabilities		
Due to other funds	\$ -	\$ 309
Due to other governments	<u>-</u>	<u>-</u>
Total liabilities	<u>-</u>	\$ <u><u>309</u></u>
 Net Assets - Held in trust for pension and other employee benefits	 \$ <u><u>65,996</u></u>	

See accompanying notes to financial statements.

Cumming Township
Fiduciary Funds
Statement of Changes in Net Assets
March 31, 2006

	<u>Pension Trust Funds</u>
Additions	
Contributions:	
Employer	\$ 5,100
Employee	1,700
Investment Earnings	<u>1,566</u>
Total additions	8,366
 Deductions	
Administrative expenses	\$ <u>310</u>
Total deductions	<u>310</u>
 Net increase	8,056
 Net Assets Held in Trust for Pension Benefits	
Beginning of the year	<u>57,940</u>
End of the year	\$ <u><u>65,996</u></u>

See accompanying notes to financial statements.

Cumming Township
Notes to Financial Statements
March 31, 2006

Note 1 - Summary of Significant Accounting Policies

The accounting policies of Cumming Township ("the Township") conform to accounting principles generally accepted in the United States of America (GAAP) as applicable to governmental units.

The following is a summary of the significant accounting policies used by the Township:

Reporting Entity

The Township is governed by an elected five member board. The accompanying financial statements have been prepared in accordance with criteria established by the Governmental Accounting Standards Board (GASB) for determining the various governmental organizations to be included in the reporting entity. These criteria include significant operational financial relationships that determine which of the governmental organizations are a part of the Township's reporting entity, and which organizations are legally separate, component units of the Township. Based on the application criteria, the financial statements present the Township as the primary government. The Township does not contain any component units.

Joint Area Fire Board - The Township is a participant in the joint venture known as the Rose City Area Fire Board, along with the townships of Rose, Klacking, and City of Rose City. The Rose City Area Fire Board provides fire protection services to the residents of its members.

The most recent available information from the Fire Board's audited financial statements as of December 31, 2004:

Total Assets	\$	138,019	Total Revenues	\$	106,879
Total Liabilities		24,212	Total Expenditures		78,322
Total Equity		113,807	Increase in fund balance		28,557

Payments to the Fire Board by the Township for the year ended March 31, 2006 were \$6,955. Financial information for the Fire Board can be obtained from the Township Clerk at the Cumming Township hall.

Government-wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net assets and the statement of changes in net assets) report information on all of the nonfiduciary activities of the Township. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

Note 1 - Summary of Significant Accounting Policies (Continued)

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function. Program revenue includes (1) charges to customers or applicants who purchase, use or directly benefit from goods, services, or privileges provided by a certain function and (2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function. Taxes and other items not properly included among program revenues are reported instead as general revenue.

Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

Measurement Focus, Basis for Accounting, and Financial Statement Presentation

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund and fiduciary fund financial statements. Revenue is recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of the related cash flows. Property taxes are recognized as revenue in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Government fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenue is recognized as soon as it is both measurable and available. Revenue is considered to be available if it is collected within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the Township considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, expenditures related to compensated absences and severance pay are recorded only when payment is due.

Property taxes, state-shared revenue, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenue of the current fiscal period. All other revenue items are considered to be available only when the cash is received by the Township. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, compensated absence expenditures are recorded only when payment is due.

The Township reports the following major governmental funds:

General Fund - The General Fund is the Township's primary operating fund. It accounts for all financial resources of the Township, except those required to be accounted for in another fund.

Road Fund - The Road Fund is used to record property tax revenue, interest earnings, and other revenue restricted for use on Township roads.

Note 1 - Summary of Significant Accounting Policies (Continued)

Fire Fund - The Fire Fund is used to record property tax revenue, interest earnings, and other revenue restricted for fire protection services.

Landfill Fund - The Landfill Fund is used to record the activity of the Township's landfill activities.

The Township reports the following major proprietary fund:

Sewer Fund - The Sewer Fund accounts for the activities of the sewage collection system.

Additionally, the Township reports the following funds:

Agency Funds - Agency Funds are used to account for assets held by the Township in a trustee capacity or as an agent for individuals, organizations, or other governments. These funds are custodial in nature (assets equal liabilities) and do not involve the measurement of results of operations.

Private sector standards of accounting issued prior to December 1, 1989 are generally followed in both the government-wide and proprietary fund financial statements to the extent that those standards do not conflict with the standards of the Governmental Accounting Standards Board. Governments also have the option of following subsequent private-sector guidance for their business-type activities and enterprise funds, subject to this same limitation. The government has elected not to follow subsequent private-sector guidance.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are charges between the Township's sewer function of the Township. Eliminations of these charges would distort the direct costs and program revenues reported for the various functions concerned.

Amounts reported as program revenue include: (1) charges to customers for goods, services or privileges provided and (2) operating grants and contributions; and (3) capital grants and contributions, including, special assessments. Internally dedicated resources are reported as general revenue rather than as program revenue. Likewise, general revenue includes all taxes.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. The principal operating revenue of the proprietary fund relates to charges to customers for sales and services. The Sewer Fund also recognizes the portion of tap fees intended to recover current costs (e.g., labor and materials to hook up new customers) as operating revenue. The portion intended to recover the cost of the infrastructure is recognized as nonoperating revenue. Operating expenses for the proprietary fund includes the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenue and expenses.

Note 1 - Summary of Significant Accounting Policies(Continued)

Assets, Liabilities, and Net Assets or Equity

Bank Deposits and Investments - Cash and cash equivalents include cash on hand, demand deposits, and short-term investments with a maturity of three months or less when acquired. Investments are stated at fair value.

Receivables and Payables - In general, outstanding balances between funds are reported as "due to/from other funds." Activity between fund that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as "advances to/from other funds." Any residual balances outstanding between the governmental activities and the business-type activities are reported in the government-wide financial statements as "internal balances."

All trade and property tax receivables are shown net of an allowance for uncollectible amounts.

Assets, Liabilities, and Net Assets or Equity

Property Taxes - All trade and property tax receivables are shown net of an allowance for uncollectible amounts. The taxpayers of the Township have their properties assessed as of December 31 and the related property taxes are levied and become a lien on December 1 for 100% of the taxes which are due February 28. The 2005 taxable value of the Township was \$22,898,055. The 2005 tax levy was .7891 mills for general operating purposes, 1.6894 for the Fire Fund, 2.3612 for the Road Funds and 1.6894 for the Landfill Fund raising \$15,182 for general operating purposes, \$37,696 for fire protection purposes, \$45,437 for road maintenance purposes, and \$32,508 for landfill purposes.

Inventories and Prepaid items - Inventories are valued at cost, on a first-in, first-out basis. Inventory of governmental funds are recorded as expenditures when consumed rather than when purchased. Certain payments to vendors reflect costs applicable to future fiscal years and are recorded as prepaid items in both government wide and fund financial statements.

Capital Assets - Capital assets, which include land, buildings, equipment, and infrastructure assets (e.g., amounts paid to the Road Commission for the intangible right to use the roads), are reported in the governmental activities column in the government-wide financial statements. Capital assets are defined by the Township as assets with an initial individual cost of more than \$1,000 and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of the donation. Infrastructure assets acquired prior to implementation of GASB 34 are not included in the financial statements.

Buildings, equipment, and vehicles are depreciated using the straight-line method over the following useful lives:

Infrastructure	20 years
Buildings and additions	50 years
Vehicles	5 years
Office furnishings	5-20 years
Other equipment	5-20 years

Note 1 - Summary of Significant Accounting Policies (Continued)

Long-term Obligations - In the government-wide financial statements and the proprietary fund types in fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net assets. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt. In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts are reported as other financing uses. Issuance costs are reported as debt service expenditures.

Fund Equity - In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriating or are legally restricted by outside parties for use for a specific purpose. Designations of fund balance represent tentative management plans that are subject to change.

The fund financial statements focus on major funds rather than fund types.

Note 2 - Stewardship, Compliance and Accountability

Budgetary Information - The Township is subject to the budgetary control requirements of the Uniform Budgeting Act (P.A. 621 of 1978, as amended). Annual budgets are adopted on a basis consistent with generally accepted accounting principles for the General Fund and all Special Revenue Funds. All annual appropriations lapse at fiscal year end.

Prior to the beginning of the fiscal year, the proposed budget for each budgetary fund is submitted to the Township Board for consideration. Public hearings are obtained to obtain taxpayer comments and the budgets are adopted at the activity level by a majority vote of the Township Board.

The budget document presents information by fund and activity. The legal level of budgetary control adopted by the Township Board is the activity level.

During the year, the budgets were amended in a legally permissible manner.

Cumming Township
Notes to Financial Statements
March 31, 2006

Note 3 - Deposits and Investments

A reconciliation of cash and investments as shown in the financial statements to the Township's deposits and investments is as follows:

Government-wide Financial Statement Captions:	Governmental Activities	Business-Type Activities	Township Total
Cash and cash equivalents	\$ 490,596	\$ 10,535	\$ 501,131
Investments	65,996	-	65,996
	<u>\$ 556,592</u>	<u>\$ 10,535</u>	<u>\$ 567,127</u>

The breakdown between deposits and investments for the Township is as follows:

Deposits (checking, savings, and certificates of deposit)	\$ 501,131
Investments	65,996
	<u>\$ 567,127</u>

Investment and deposit risk:

Interest rate

In accordance with its investment policy, the Township will minimize interest rate risk, which is the risk that the market value of securities in the portfolio will fall due to changes in market interest rates, by: investing operating funds primarily in shorter term securities and limiting the average maturity in accordance with the Township's cash requirements.

Credit risk

State law limits investments in commercial paper and corporate bonds to a prime or better rating issued by nationally recognized statistical rating organizations (NRSRPs). The Township has no investments for which ratings are required.

Custodial credit risk - deposits

In the case of deposits, this is the risk that in the event of a bank failure, the Township's deposits may not be returned to it. State law does not require and the Township does not have a policy for custodial credit risk. At March 31, 2006, \$263,986 of the Township's bank balances of \$508,682 was exposed to custodial credit risk because it was uninsured.

The Township Board is authorized to designate depositories for Townships funds, and to determine that the funds are invested in accordance with State of Michigan statutory authority.

The Township is authorized by statute and Township policy to invest surplus funds in the following:

- a. Bonds, securities, and other obligations and repurchase agreements of the United States, or an agency or instrumentality of the United States with remaining maturities of two years or less.
- b. Certificates of deposit of a bank which is a member of the Federal Deposit Insurance Corporation.
- c. Commercial paper rated at the time of purchase within the two highest classifications by not less than two standard rating services.

The Township's deposits are in accordance with statutory authority.

Cumming Township
Notes to Financial Statements
March 31, 2006

Note 4 - Receivables

The following is the detail of the receivables of the governmental activities due from other governmental units at March 31, 2006:

	General Fund	Sewer Fund	Other Major and Non- Major Funds	Total
State of Michigan	\$ 9,333	\$ -	\$ -	\$ 9,333
Ogemaw County	5,899	7,678	36,564	50,141
	<u>\$ 15,232</u>	<u>\$ 7,678</u>	<u>\$ 36,564</u>	<u>\$ 59,474</u>

Note 5 - Capital Assets

Capital asset activity of the Township's governmental and business-type activities were as follows:

Governmental Activities

	Balance April 1, 2005	Additions	Deletions	Balance March 31, 2006
<u>Assets</u>				
Capital assets not being depreciated - Land	\$ 14,000	\$ -	\$ -	\$ 14,000
Capital assets being depreciated:				
Infrastructure	33,750	92,796	-	126,546
Buildings	356,201	2,564	-	358,765
Furniture and equipment	12,706	1,665	-	14,371
Subtotal	<u>416,657</u>	<u>97,025</u>	<u>-</u>	<u>513,682</u>
<u>Accumulated Depreciation</u>				
Infrastructure	803	3,621	-	4,424
Buildings	121,634	8,120	-	129,754
Furniture and equipment	3,181	2,043	-	5,224
Subtotal	<u>125,618</u>	<u>13,784</u>	<u>-</u>	<u>139,402</u>
Net capital assets being depreciated	291,039	83,241	-	374,280
Net capital assets	<u>\$ 291,039</u>	<u>\$ 83,241</u>	<u>\$ 0</u>	<u>\$ 374,280</u>

Cumming Township
Notes to Financial Statements
March 31, 2006

Note 5 - Capital Assets (Continued)

Business-type Activities

<u>Assets</u>	<u>Balance April 1, 2005</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance March 31, 2006</u>
Capital assets being depreciated				
Sewer system	\$ 403,592	\$ -	\$ -	\$ 403,592
Subtotal	403,592	-	-	403,592
Accumulated Depreciation				
Sewer system	51,870	8,072	-	59,942
Subtotal	51,870	8,072	-	59,942
Net capital assets being depreciated	351,722	(8,072)	-	343,650
Net capital assets	\$ 351,722	\$ (8,072)	\$ 0	\$ 343,650

Depreciation expense was charged to programs of the primary government as follows:

Governmental activities:

General government	\$ 5,134
Public works	8,650
Total governmental activities	\$ 13,784

Business-type activities - Sewer

\$ 8,072

Note 6 - Receivables, Payables and Transfers

The composition of interfund balances is as follows:

<u>Receivable Fund</u>		<u>Payable Fund</u>	<u>Amount</u>
General Fund	\$ 410	General Fund	\$ -
Landfill Fund	-	Landfill Fund	101
Fiduciary Funds	-	Fiduciary Funds	309
Total	\$ 410	Total	\$ 410
<u>Transfer In</u>		<u>Transfer Out</u>	
General Fund	\$ 15,000	Fire Fund	\$ 15,000
	\$ 15,000		\$ 15,000

Note 7 - Long Term Debt

The Township issues bonds to provide for the acquisition and construction of major capital facilities. The Township issued Special Assessment bonds in 1998 to finance sewer system construction.

Long-term obligation activity can be summarized as follows:

	<u>Beginning Balance</u>	<u>Additions (Reductions)</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
1998 Special Assessment Sewer Bond, payable in principal installments on October 1 of each year. Interest at 4.5% payable on April 1 and October 1	\$ 95,725	\$ (10,000)	\$ 85,725	\$ 10,000

Cumming Township
Notes to Financial Statements
March 31, 2006

Note 7 - Long Term Debt (Continued)

Annual debt service requirements to maturity (excluding amortization of discounts and deferred charges) for the above bond obligations are as follows:

	Business-type Activities		
	Principal	Interest	Total
2006	\$ 10,000	\$ 4,083	\$ 14,083
2007	11,000	3,633	14,633
2008	10,000	3,160	13,160
2009	10,000	2,688	12,688
2010	8,000	2,238	10,238
2011	8,000	1,833	9,833
2012-2017	28,725	3,837	32,562
Total	<u>\$ 85,725</u>	<u>\$ 21,472</u>	<u>\$ 107,197</u>

Note 8 - Risk Management

The Township is exposed to various risks of loss related to theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. These risks are covered by insurance purchased from independent insurance companies. Settled claims from these risks have not exceeded insurance coverage for the last three years.

Note 9 - Pension Plan

Cumming Township has a defined contribution plan for elected officials through Burnham and Flowers Group. A defined contribution pension plan provides pension benefits in return for services rendered, provides an individual account for each participant, and specifies how contributions to the individual's account are to be determined instead of specifying the amount of benefits the individual is to receive. Under a defined contribution pension plan, the benefits a participant will receive depend solely on the amount contributed to the participant's account, the returns earned on investments of these contributions, and forfeitures of other participants benefits that may be allocated to such participant's account.

The Township pension plan agreement specifies which Township positions are covered by the plan. Contributions made by an employee and the Township vest immediately. An employee that leaves the employment of the Township is entitled to his or her account balance consisting of the employee and Township contributions, as well as earnings in the account. The Township is required to contribute an amount equal to 15% of the employee's gross earnings to the plan.

During the year, the Township's required and actual contributions amounted to \$5,100, which was 15% of its current year covered payroll. There were no voluntary employee contributions. Covered payroll was \$34,276. Total payroll was \$37,273. All elected officials are covered by the plan.

No pension provision changes occurred during the year that affected the required contributions to be made by the Township or its employees. The plan held no securities of the Township or other related parties during the year or at the close of the year.

Cumming Township
Notes to Financial Statements
March 31, 2006

Note 10 - Commitment - Cumming Township

On November 6, 1997, the Township Board executed an agreement with the City of Rose City, whereby the Township is authorized to connect its wastewater collection system to the City's wastewater treatment system. The Township will be allowed to utilize up to 13% of the wastewater treatment system's capacity. The Township will pay all costs of connection.

Additionally, the Township agrees to pay the City for each user of the Township Collection System at rates enumerated in the City's sewer rate ordinance.

The City agrees to operate and maintain the Township's facility. The Township shall reimburse the City for the effort at its prevailing hourly rates for labor and equipment.

Funding for the project is detailed below:

Community Development Block Grant	\$ 125,000
U.S. Department of Agriculture - Rural Development	100,000
Special Assessment Sewer Bond	173,725
Local Contribution	<u>4,867</u>
	<u>\$ 403,592</u>

The Special Assessment Sewer Bond is to be repaid from Special Assessment Roll No. 2 against benefited properties totaling \$175,370. The special assessment is to be collected over a twenty year period. The Special Assessment for 2005 was \$7,872 plus interest of \$5,196.

Local contributed capital consists of the following:

Special Assessments	\$ 175,370
Connection charges	10,376
Township	<u>1</u>
Total	<u>\$ 185,747</u>

Required Supplemental Information

Cumming Township
 Budgetary Comparison Schedule - General Fund
 Year Ended March 31, 2006

	Original Budget	Amended Budget	Actual	Over (Under) Budget
Fund Balance - Beginning of year	\$ 253,021	\$ 253,021	\$ 247,413	\$ (5,608)
Resources (Inflows)				
Taxes and fees	27,153	27,153	26,423	(730)
State-shared revenues	45,000	45,000	58,354	13,354
Interest and rentals	2,100	2,100	3,853	1,753
Reimbursements	-	-	478	478
Other	1,000	1,000	450	(550)
Transfers from other funds	15,000	15,000	15,000	-
Amounts available for appropriation	<u>343,274</u>	<u>343,274</u>	<u>351,971</u>	<u>8,697</u>
Charges to Appropriations (Outflows)				
General government	87,100	87,100	67,374	(19,726)
Public safety	4,500	4,500	3,816	(684)
Recreation and culture	1,500	1,500	720	(780)
Capital outlay	10,000	10,000	2,879	(7,121)
Transfers to other funds	5,000	5,000	-	(5,000)
Total charges to appropriations	<u>108,100</u>	<u>108,100</u>	<u>74,789</u>	<u>(33,311)</u>
Fund Balance - end of year	<u>\$ 235,174</u>	<u>\$ 235,174</u>	<u>\$ 277,182</u>	<u>\$ 42,008</u>

Cumming Township
Budgetary Comparison Schedule - Road Fund
Year Ended March 31, 2006

	Original Budget	Amended Budget	Actual	Over (Under) Budget
Fund Balance - Beginning of year	\$ 81,148	\$ 81,148	\$ 141,237	\$ 60,089
Resources (Inflows)				
Taxes and fees	61,000	61,000	59,803	(1,197)
State-shared revenues	-	-	1,871	1,871
Charges for services	2,100	2,100	1,069	(1,031)
Interest	150	150	3,015	2,865
Amounts available for appropriation	<u>144,398</u>	<u>144,398</u>	<u>206,995</u>	<u>62,597</u>
Charges to Appropriations (Outflows)				
Public works	104,296	106,734	106,677	(57)
Total charges to appropriations	<u>104,296</u>	<u>106,734</u>	<u>106,677</u>	<u>(57)</u>
Fund Balance - end of year	\$ <u>40,102</u>	\$ <u>37,664</u>	\$ <u>100,318</u>	\$ <u>62,654</u>

Cumming Township
 Budgetary Comparison Schedule - Fire Fund
 Year Ended March 31, 2006

	Original Budget	Amended Budget	Actual	Over (Under) Budget
Fund Balance - Beginning of year	<u>\$ 61,064</u>	<u>\$ 61,064</u>	<u>\$ 56,731</u>	<u>\$ (4,333)</u>
Resources (Inflows)				
Taxes and fees	50,600	50,600	49,615	(985)
Charges for services	800	800	994	194
Interest	150	150	361	211
Amounts available for appropriation	<u>112,614</u>	<u>112,614</u>	<u>107,701</u>	<u>(4,913)</u>
Charges to Appropriations (Outflows)				
Public safety	32,146	32,146	28,878	(3,268)
Transfers to other funds	15,000	15,000	15,000	-
Total charges to appropriations	<u>47,146</u>	<u>47,146</u>	<u>43,878</u>	<u>(3,268)</u>
Fund Balance - end of year	<u><u>\$ 65,468</u></u>	<u><u>\$ 65,468</u></u>	<u><u>\$ 63,823</u></u>	<u><u>\$ (1,645)</u></u>

Cumming Township
 Budgetary Comparison Schedule - Landfill Fund
 Year Ended March 31, 2006

	Original Budget	Amended Budget	Actual	Over (Under) Budget
Fund Balance - Beginning of year	\$ 93,843	\$ 93,843	\$ 83,833	\$ (10,010)
Resources (Inflows)				
Taxes and fees	43,600	43,600	42,787	(813)
Charges for service	8,000	8,000	6,453	(1,547)
Interest	175	175	184	9
Amounts available for appropriation	<u>145,618</u>	<u>145,618</u>	<u>133,257</u>	<u>(12,361)</u>
Charges to Appropriations (Outflows)				
Public works	43,500	42,150	38,896	(3,254)
Capital outlay	-	1,350	1,350	-
Total charges to appropriations	<u>43,500</u>	<u>43,500</u>	<u>40,246</u>	<u>(3,254)</u>
Fund Balance - end of year	<u>\$ 102,118</u>	<u>\$ 102,118</u>	<u>\$ 93,011</u>	<u>\$ (9,107)</u>

Other Supplemental Information

Cumming Township
Balance Sheet
Nongovernmental Fund
March 31, 2006

	<u>Liquor Law Enforcement</u>
Assets	
Cash and investments	\$ <u>2,963</u>
Total assets	\$ <u><u>2,963</u></u>
Liabilities and Fund Balances	
Liabilities:	
Accounts payable	\$ -
Due to other funds	<u>-</u>
Total liabilities	<u>-</u>
Fund Balances:	
Unreserved	<u>2,963</u>
Total fund balance	<u>2,963</u>
Total liabilities and fund balances	\$ <u><u>2,963</u></u>

Cumming Township
Statement of Revenue, Expenditures,
and Changes in Fund Balances
Nonmajor Governmental Fund
Year Ended March 31, 2006

	Liquor Law Enforcement
Fund Balance - Beginning of year	<u>\$ 2,973</u>
Resources (Inflows)	
State grants	<u>924</u>
Amounts available for appropriation	<u>3,897</u>
Charges to Appropriations (Outflows)	
Public safety	<u>934</u>
Total charges to appropriations	<u>934</u>
Fund Balance - end of year	<u><u>\$ 2,963</u></u>

APPENDICES



ROBERTSON & CARPENTER CPAs, P.C.

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Rodney C. Robertson, CPA

Robert J. Carpenter, CPA

REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

Township Board
Cumming Township
Ogemaw County, Michigan

We have audited the financial statements of Cumming Township as of and for the year ended March 31, 2006, and have issued our report thereon dated August 28, 2006. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Cumming Township's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide an opinion on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Cumming Township's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*.

This report is intended solely for the information and use of the Township Board, management and federal awarding agencies and is not intended to be and should not be used by anyone other than these specified parties.

Robertson & Carpenter CPAs, P.C.

Rose City, Michigan

August 28, 2006